



C. Earl Hunter, Commissioner

*Promoting and protecting the health of the public and the environment.*

Memorandum

Date: February 21, 2012

To: Certificate of Need Recipients

From: Beverly A. Brandt, MPH, Chief  
Bureau of Health Facilities and Services Development

*Beverly Brandt*

Subject: Progress Reports

The attached "Follow-Up Reports" document has been revised to allow for the option to submit quarterly progress reports instead of monthly progress reports. This change was implemented with all Certificates of Need issued beginning in January 2012. Attached is the updated document.

For ongoing projects, the option to submit quarterly progress reports will be extended for projects in which we have received at least three consecutive timely monthly progress reports. Facilities will be notified if this criteria has been met. Other projects will be dealt with on a case by case basis. We reserve the right to require facilities to revert back to monthly progress reports if deemed necessary.

Please do not hesitate to contact me at (803) 545-4200 or [brandtba@dhec.sc.gov](mailto:brandtba@dhec.sc.gov) if you have questions.

Enclosure



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## **Certificate of Need Follow-Up Reports**

The following procedures incorporate changes associated with the “Certificate of Need (CON) Bill” (Act No. 278). In addition, revisions have been made to reflect the option of submitting quarterly progress reports instead of monthly progress reports. Facilities have also been requesting to submit progress reports by e-mail, and this is acceptable with provisions described below. Note that the Bureau of Health Facilities and Services Development will continue its practice of not sending reminder letters for pending expirations, etc. However, please do not hesitate to contact us at (803) 545-4200 if questions or issues arise.

### **1.0 Progress Reports**

Progress reports are required to be submitted in order to document compliance with the timetable approved in the CON (R.61-15, Section 601.2). Failure to meet the timetable may result in enforcement action, up to and including revocation of the CON, unless the Department determines that circumstances beyond the control of the holder of the Certificate of Need are the cause of the delay.

As required by R.61-15, Section 607, progress reports must be submitted after receipt of the CON. If the quarterly progress report option is chosen, the reports must be submitted beginning 90 days after receipt of the CON. If the monthly report format is chosen, the reports must be submitted beginning 30 days after the receipt of the CON. An electronic submission is acceptable, but you need to confirm receipt by our staff. Additionally, providing a hard copy is optional, unless requested. We reserve the right to require hard copies, if warranted.

All progress reports need to address each of the items individually:

- a. Costs incurred on the project;
- b. Construction activity;
- c. Program or service activity; and
- d. Any deviations from the submitted application with supporting documentation

For tracking purposes, we ask for quarterly reports to be submitted beginning with the execution of a contract until prior to the submission of a final completion report.

### **2.0 Evidence of Implementation for Projects Involving Construction: Valid Construction Contract**

For CON purposes, a valid construction contract ***does not include*** contracts or agreements for infrastructure improvements, site preparation, utilities, or the structure’s foundation.

For CON purposes, a valid construction contract (such as American Institute of Architects documents A101 or A111) is considered an executed contract for the ***structure itself*** and includes:

- a. Project name and description consistent with the information on the CON;
- b. A definite price or guaranteed maximum price listed for the work;
- c. A specific beginning and ending date for the project; and
- d. Names and signatures of both parties, to include the date(s) the contract was signed.

When fully executed, a copy of the valid construction contract must be forwarded to a contact listed at the end of this document. It is optional to send a copy of the building permit for actual building construction.

### **3.0 Evidence of Implementation for Projects Involving the Issuance of a Purchase Order, Lease, or Service Agreement, to include the Acquisition of Equipment**

A purchase order, lease or service agreement (whichever is applicable) must be executed prior to the expiration date of the CON.

### **4.0 Evidence of Implementation for Projects that Only Require Licensure by the Division of Health Licensing**

For projects which only require licensure by the Division of Health Licensing and have no construction or equipment components, a copy of the applicable license or a copy of the cover letter sent with the license should be submitted to the Department to demonstrate implementation. *A final completion report should be submitted within one month of licensure for these projects* unless the Department provides written approval.

### **5.0 Extension Requests**

Sections 601 and 602 of R.61-15 outline extension request procedures. Effective July 1, 2010, all extensions, to include Board extensions, are granted for a period of **nine (9) months**. The Department may grant up to two extensions of up to **nine (9) months** each provided substantial progress and other appropriate documentation described in these sections are demonstrated. For staff extensions, the applicant must submit a written request at least thirty (30) days prior to the expiration date of the CON. However, further extensions must be granted by the DHEC Board and a request must be made **at least three months prior** to the expiration of the CON and contain appropriate justification.

Extension requests must contain at least the following information:

- a. A detailed description of any changes in the configuration, costs, services, or scope of the project;
- b. Detailed documentation of progress including site procurement, architectural drawings, financial arrangements, construction activity, securing permits, etc., as applicable;
- c. Documented evidence that extenuating circumstances beyond the applicant's control have resulted in the submitted timetable not being met; and
- d. A revised timetable showing the commencement and completion of all remaining components of the project.

### **6.0 Final Completion Report**

After the project has been fully implemented, the applicant shall provide a final completion report that contains, at a minimum, the following required by R. 61-17 Section 607.3:

- a. An audited cost report that shows all expenditures on the approved project;
- b. A list of average charges and costs for the services approved in the application and documented by affidavit, certification, or other proof;
- c. A registered architect's or engineer's signed statement of final construction costs;
- d. An equipment listing and inventory for the project;
- e. A program and/or service narrative describing the final project configuration; and

- f. An explanation of any deviation from the approved application with justification, or a signed statement from the applicant that the project was implemented as outlined in the application.

When the project is nearing completion, please provide in the next quarterly progress report an estimated date that the Department should expect a final completion report.

#### **7.0 Exemption and Non-Applicability Determinations**

Exemption and Non-Applicability Determinations are valid for six (6) months only and the expiration date is included in the certified approval letter. The specific type of documentation necessary to demonstrate the project has been implemented will be included in the determination letter. If the project has not been implemented by the expiration date, the determination becomes void and another determination must be requested in order to undertake the proposal.

Progress reports are not required for these determinations. However, final completion reports, as outlined in Section 6.0, are required for projects as indicated in the determination letter.

#### **8.0 Department Contacts**

Mailing address:

Bureau of Health Facilities and Services Development  
SC Department of Health and Environmental Control  
2600 Bull Street  
Columbia, South Carolina 29201-1708

Telephone number: (803) 545-4200

Fax: (803) 545-4579

Website: <http://www.dhec.sc.gov/health/cofn/>

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